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December 1, 2010

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By ECF

Honorable Freda L. Wolfson
United States District Court
District of New Jersey
Clarkson S. Fisher Federal Building
and United States Courthouse
402 East State Street, Room 5050
Trenton, New Jersey 08608

Re: In re Verizon Wireless Data Charges Litigation
Master Case File Civ. Act. No. 10 Civ. 1749 (FLW)(LHG): ALL CASES

Dear Judge Wolfson:

Verizon Wireless respectfully submits this explanation of the credit and refund program it announced on October 3, 2010 ("Credit and Refund Program"), and addresses each of the issues identified in paragraph 3 of the Court's October 29, 2010 Order.

As a result of a comprehensive investigation, which it began in August 2009, Verizon Wireless determined that as many as 15 million former and current customers who did not subscribe to a data plan may have been mistakenly billed at the standard rate of \$1.99 per megabyte ("pay-as-you-go") for brief data sessions that they did not initiate. Verizon Wireless has voluntarily credited or reimbursed approximately \$52.8 million to these potentially affected customers. It has also implemented corrective actions to avoid such mistaken data charges in the future. Many of these steps are described in the Consent Order between Verizon Wireless and the FCC, which Verizon Wireless has already filed with the Court, and which is incorporated here by reference. The chart below provides additional information on each of the billing issues, as well as Verizon Wireless's corrective actions. The amounts given to customers in credits and refunds for the issues in the chart, as well as the number of customers, have been rounded.

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**SMALL DATA TRANSMISSIONS BY THIRD-PARTY SOFTWARE (THE
 “ACKNOWLEDGEMENT ISSUE”)**

Issue	<p>Software for applications that are pre-loaded on many feature phones sent a small data session to a third-party server. This small data session, known as an “acknowledgment,” was an attribute of the Binary Runtime Environment for Wireless or BREW system, designed by a third-party to track the number of devices with pre-loaded applications that were active or were in use by customers. The acknowledgement occurred when a customer first used these particular pre-loaded applications on a new device or, in a minority of cases, the first time a customer used the new device. The data sessions averaged 7 kilobytes if the device sent only one acknowledgement and 15 kilobytes if the device sent more than one acknowledgement as a single event. If customers did not have data plans and did not otherwise have billable data usage, the acknowledgement caused a pay-as-you-go charge of \$1.99. These mistaken charges began in November 2007 when Verizon Wireless implemented per megabyte billing.</p>
Amount Attributed to Issue	\$45.9 million
Potentially Affected Customers	<p>Verizon Wireless credited or refunded 14 million pay-as-you-go customers who were specifically identified as potentially affected by the acknowledgement issue.</p> <p>For the period from December 2008 through September 2009, Verizon Wireless gave credits or refunds to pay-as-you-go customers who (i) acquired a new device with the pre-loaded software, (ii) were charged \$1.99 for data usage on one or more of their first 3 full bill cycles following activation of the device, and (iii) did not have other billable data usage.</p> <p>For the period prior to December 2008, Verizon Wireless did not have detailed data usage records with which to identify the customers with other billable data usage, so it gave credits or refunds to all pay-as-you-go customers for each month they were charged \$1.99 for data usage during their first 3 full bills cycles following activation of the device. Because Verizon Wireless could not identify customers with other billable usage,</p>

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	it gave millions of dollars in credits and refunds to customers who were not mischarged as a result of the acknowledgement issue.
Remediation	<p>Verizon Wireless has taken numerous steps to prevent customers from being mistakenly charged for an acknowledgement, in addition to the steps described in the Consent Order with the FCC. These include:</p> <ul style="list-style-type: none">• Removing the acknowledgement from new devices launched in 2010.• Over-the-air software releases to change the acknowledgment software in existing devices.• Implementing a 50 kilobyte data allowance for all pay-as-you-go customers in September 2009.

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G'zONE C711 DEVICE

Issue	G'zOne C711 devices had a software defect that reversed the Domain Name System ("DNS") IP address when the device went from a low coverage to a full coverage area. The Verizon Wireless systems that categorize data sessions did not recognize the DNS IP address as nonbillable because it was reversed. These data sessions were very small, averaging 3 kilobytes.
Amount Attributed to Issue	\$3.1 million
Potentially Affected Customers	<p>Verizon Wireless credited or refunded 614 thousand pay-as-you-go customers who were specifically identified as potentially affected by the G'zOne C711 software defect.</p> <p>For the period from December 2008 through November 2009, Verizon Wireless gave a \$1.99 credit or refund to pay-as-you-go customers with a G'zOne Push to Talk device who had no other billable data usage above 5 kilobytes in any billing cycle.</p> <p>For the period from July 2008 (when the G'zOne was introduced) through November 2008, Verizon Wireless credited customers who had a \$1.99 data usage charge and owned a Push To Talk G'zOne device, regardless whether they had other billable data usage.</p>
Remediation	Verizon Wireless implemented an over-the-air software push from November 6, 2009 through December 18, 2009, to address this software defect.

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CONTENT FILTERS PERMITTED RANDOM DATA TRANSFERS

Issue	Customers with content filters could receive random "broadcast" traffic if they were in "unprotected IP pools." (Broadcast traffic is unsolicited data sent by third parties, such as spammers, looking for active IP addresses, or by machines searching for others on their network to establish data connections.) The random broadcast traffic could result in small data transfers of less than 1 kilobyte.
Amount Attributed to Issue	\$787 thousand
Potentially Affected Customers	<p>Verizon Wireless credited or refunded 194 thousand customers who were specifically identified as potentially affected by the content filter issue. For the period from November 2008 through April 2010, Verizon Wireless reimbursed customers \$1.99 if they had content filters in place and less than 10 kilobytes of billable data usage in a billing cycle. For the period from August 2008 through October 2008, Verizon Wireless was only able to identify customers who had content filters and billable data usage. Verizon Wireless gave each of these customers \$1.99 for each month they had both content filters and billable data usage.</p> <p>Verizon Wireless determined the average monthly amount mistakenly charged because of this issue during the period of November 2008 through August 2009, and then applied that average to each of the nine months from November 2007 through July 2008. Verizon Wireless distributed the total for the nine months on a pro rata basis to customers who otherwise received credits and refunds for any of the billing issues identified on this chart to account for potential overcharges for this issue.</p>
Remediation	In April 2010, Verizon Wireless moved customers with content filters to protected IP pools, thereby preventing any random broadcast traffic.

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BLACKBERRY IP ADDRESSES REASSIGNED TO PUSH TO TALK DEVICES

Issue	When a BlackBerry device (RIM) ended its network connection, its IP address could be reassigned to a Push To Talk device. The reassignment of the IP address to a Push To Talk device could cause a mistaken data usage charge.
Amount Attributed to Issue	\$2 thousand
Potentially Affected Customers	<p>Verizon Wireless credited or refunded 800 customers who were specifically identified as potentially affected when the IP addresses for Blackberry devices were reassigned to Push To Talk devices. For the period from August 2008 through January 2010, Verizon Wireless could identify customers with the Push To Talk feature and RIM data charges. Those customers received \$1.99 for each month they had RIM data charges and no other billable data usage.</p> <p>For the period from April 2008 (when the Push To Talk feature was first available on a pay-as-you-go basis) through July 2008, Verizon Wireless did not have customer-specific data from which to estimate refunds and credits. Verizon Wireless therefore determined the average monthly amount mistakenly charged because of this issue from November 2008 through January 2010, and then applied that average to each of the four months from April 2008 to July 2008. Verizon Wireless distributed the total for the four months on a pro rata basis to customers who otherwise received credits and refunds for any of the billing issues identified on this chart to account for potential overcharges for this issue.</p>
Remediation	Effective January 14, 2010, Verizon Wireless removed RIM category data charges for customers who had the Push To Talk feature.

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**HTML DEVICES DID NOT TRANSMIT PROPERLY FORMATTED URL
 INFORMATION**

Issue	From August 2008 through August 2009, Verizon Wireless episodically failed to identify some data sessions for which no charge should have applied. This occurred because a small number of HTML devices lacked the functionality necessary to transmit properly formatted information regarding the URLs accessed by users.
Amount Attributed to Issue	\$1 million
Potentially Affected Customers	Verizon Wireless credited or refunded 395 thousand pay-as-you-go customers who were specifically identified as being potentially affected because their HTML device lacked the functionality to transmit properly formatted URL information. Verizon Wireless gave a \$1.99 credit or refund to all pay-as-you-go customers who owned an HTML device for each month they were charged \$1.99 for data usage from August 2008 through August 2009.
Remediation	<p>From August 18, 2009 through August 22, 2009, Verizon Wireless added URLs to its systems that categorize data sessions to address the problem of charging customers for visiting the MyVerizon webpage and the Mobile Web home page.</p> <p>Verizon Wireless also enhanced its process of testing devices before launch to confirm that the device manufacturers included the necessary functionality to format URLs correctly.</p>

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URL FILTERING ISSUES ASSOCIATED WITH THE MYVERIZON WEBPAGE

Issue	From November 2007 through August 2009, Verizon Wireless episodically failed to identify some data sessions for which no charge should have applied. This occurred because Verizon Wireless's systems that categorize data sessions failed to identify URLs associated with the Mobile Web home page and MyVerizon webpage as nonbillable.
Amount Attributed to Issue	\$4.4 million, which was distributed on a pro rata basis to customers who otherwise received credits and refunds for any of the billing issues identified on this chart to account for potential overcharges for this issue.
Potentially Affected Customers	Verizon Wireless was unable to identify all individual pay-as-you-go customers mistakenly charged for accessing the Mobile Web home page or the MyVerizon webpage prior to August 2009. Verizon Wireless therefore examined the percentage of customers charged for data usage who also visited either the Mobile Web home page or MyVerizon webpage during a two month period in 2010. Verizon Wireless used the higher percentage of the two month period to estimate the number of customers who were potentially charged for visiting the Mobile Web home page or MyVerizon webpage for the months that it did not have detailed data usage records.
Remediation	Between August 18, 2009 and August 22, 2009, Verizon Wireless added URLs to its systems that categorize data sessions to address the problem of charging customers for visiting the MyVerizon webpage and the Mobile Web home page.

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URL FILTERING ISSUES ASSOCIATED WITH MOBILE WEB HOME PAGE AND MYVERIZON WEBPAGE (THE WIRELESS ACCESS PROTOCOL OR “WAP ISSUES”)

Issue	<p>From April 23, 2009 through May 14, 2009, and from November 8, 2009 through July 27, 2010, some customers were mistakenly billed when they accessed the Mobile Web home page and the MyVerizon webpage. These mistaken charges were caused by a number of circumstances, including third-party advertisements and ad tracking, which caused data usage to be mistakenly categorized as billable. These issues are collectively referred to as the Wireless Access Protocol or “WAP issues.”</p>
Amount Attributed to Issue	\$2 million
Potentially Affected Customers	<p>Verizon Wireless credited or refunded 577 thousand pay-as-you-go customers who were specifically identified as potentially affected by the WAP issues.</p> <p>For the period from April 23, 2009 through May 14, 2009, Verizon Wireless identified pay-as-you-go customers with a specific combination of data usage in the same session and no other billable data usage.</p> <p>For the period from December 2009 through July 27, 2010, Verizon Wireless identified customers with pay-as-you-go data usage and, for those customers, determined whether they had other billable data usage during the billing cycle or had already received a credit for mistakenly billed data usage.</p> <p>For the month of November 2009, Verizon Wireless could not identify all customers potentially affected by a mis-categorized URL, one of the WAP issues. Verizon Wireless estimated the amount for this month by using the average from the three months with the highest total charges attributable to the mis-categorized URL issue, and distributed that amount on a pro rata basis to customers who otherwise received credits and refunds for any of the billing issues identified on this chart to account for potential overcharges for this issue.</p>

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	For the period from November 8, 2009 through December 1, 2009, Verizon Wireless could not identify all customers potentially affected by an ad tracking issue, another of the WAP issues. Verizon Wireless estimated the amount attributable to this ad tracking issue by calculating the percentage of data files in its possession and extrapolating the maximum potential amount it may have mistakenly charged. Verizon Wireless then distributed that amount on a pro rata basis to customers who otherwise received credits and refunds for any of the billing issues identified on this chart to account for potential overcharges for this issue.
Remediation	Verizon Wireless enhanced its systems that categorize data sessions to minimize the potential for mis-categorizing customer visits to the MyVerizon webpage and the Mobile Web home page.

Respectfully submitted,



Dan Marmalefsky
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Cellco Partnership d/b/a Verizon Wireless

cc: All Counsel of Record (by ECF)